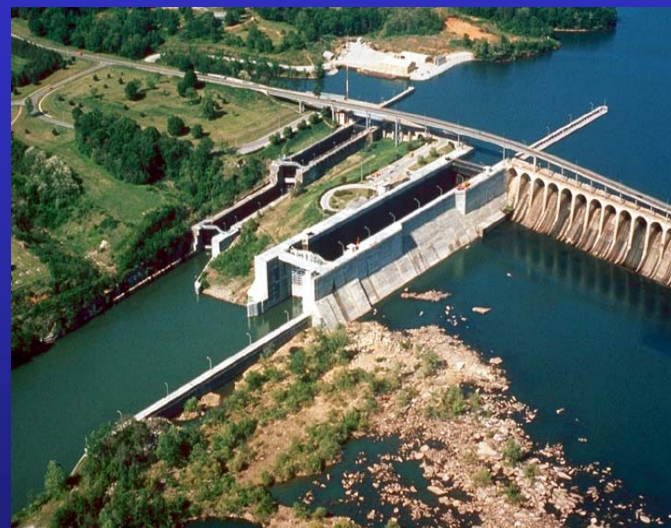




Great Lakes and Ohio River Division



One Division and Two Systems Working Toward A Better Future

Great Lakes Navigation Stakeholder Workshop

Cincinnati, Ohio 7 December 2006

One Team: Relevant, Ready, Responsive and Reliable



Great Lakes Stakeholder Meeting



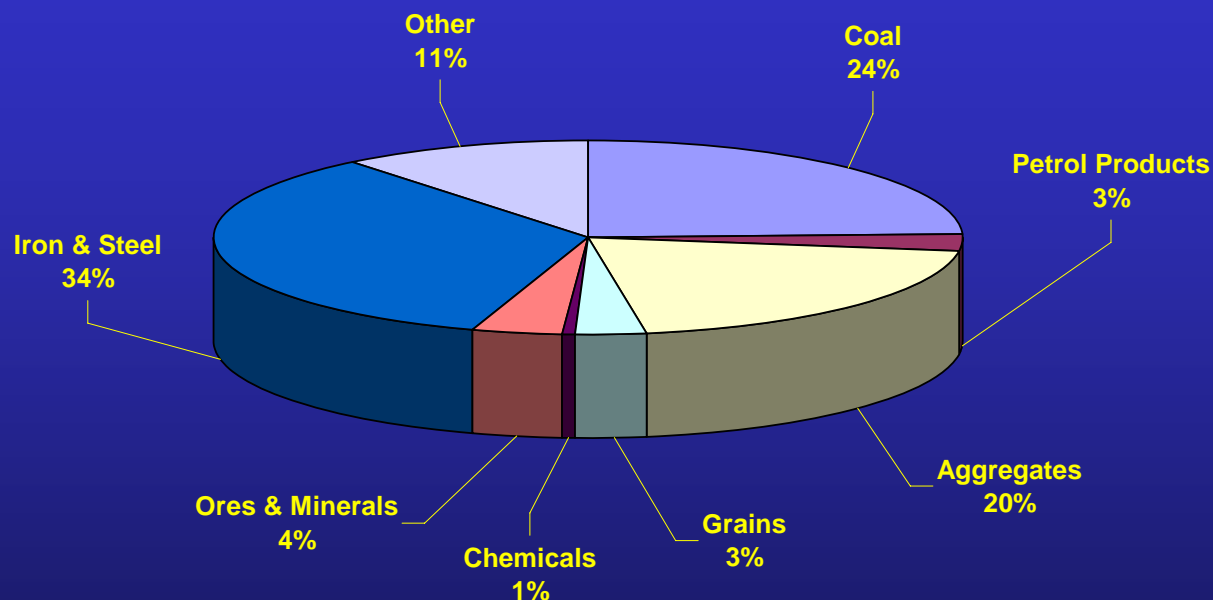
Valuing the Great Lakes Nav System



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Great Lakes System Traffic and Rate Savings

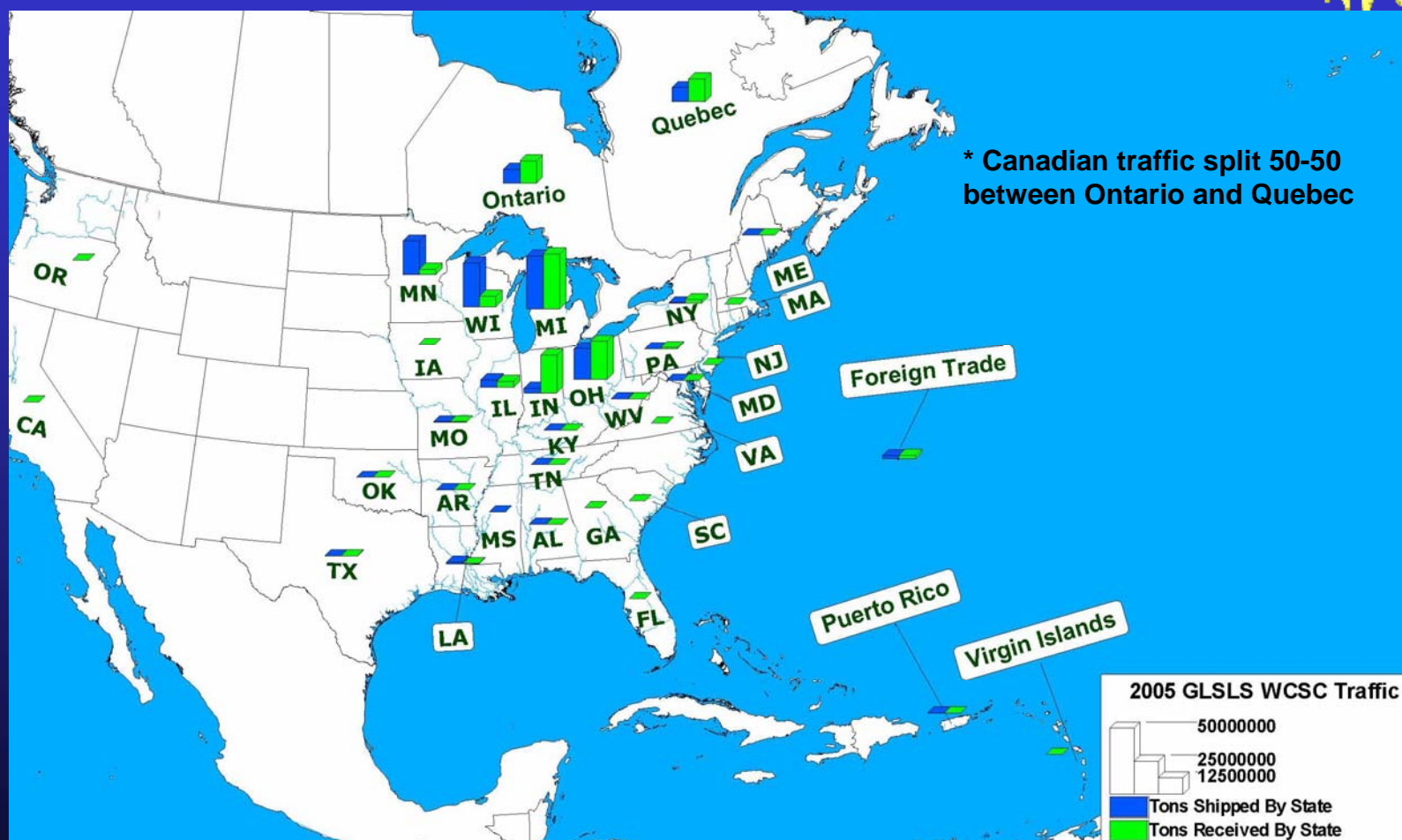


Commodity	2005 Tons	Rate Savings
Coal	42,186,438	\$ 553,486,067
Petrol Products	4,979,764	\$ 115,430,930
Aggregates	35,329,206	\$ 568,800,217
Grains	5,056,971	\$ 95,627,322
Chemicals	1,041,941	\$ 21,026,369
Ores & Minerals	6,633,840	\$ 131,814,401
Iron & Steel	59,426,036	\$ 618,625,035
Other	18,524,217	\$ 594,256,881
	173,178,413	\$ 2,699,067,221

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2005 GLSLS WCSC Traffic at Selected States*



In 2005, over 173 million tons of GLSLS traffic moved at \$2.7 billion in rate savings

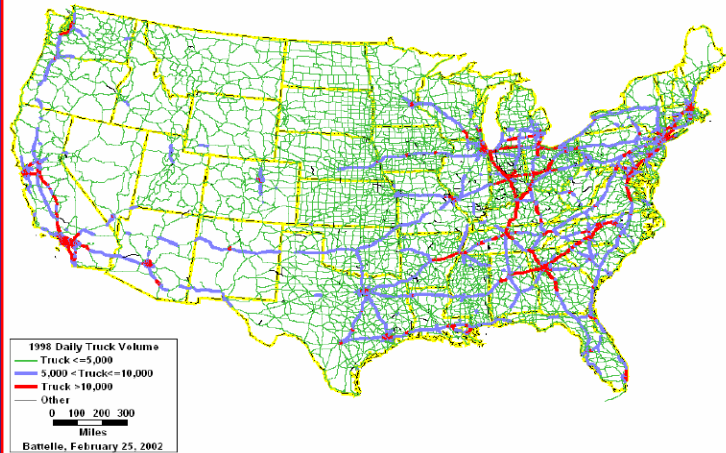
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Freight Demand



Truck Volumes –1998



Rail Flows - 1999

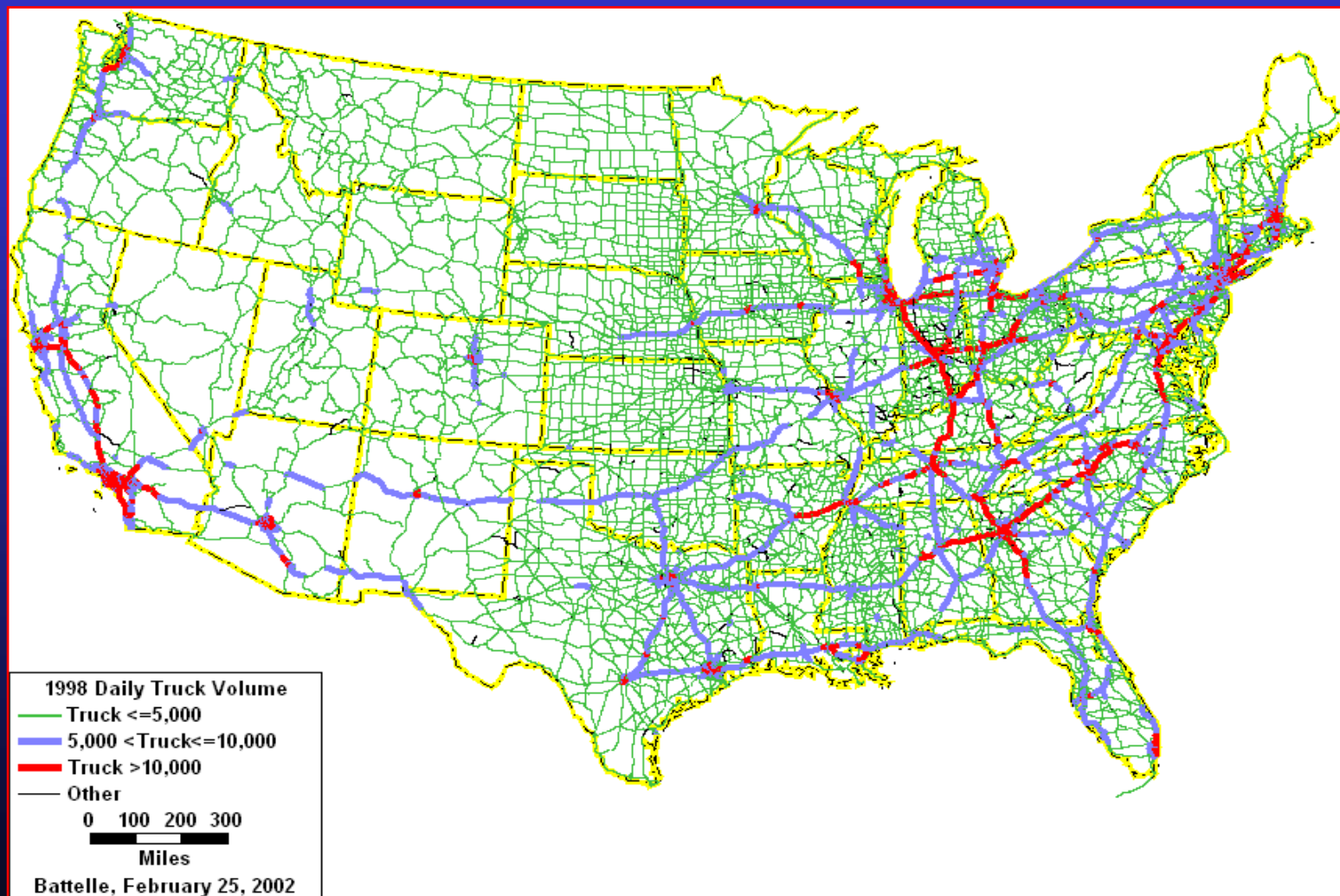


- Freight traffic expected to increase by 67%
- General cargo freight by 113%
- Highway traffic grows from 11 billion to 19 billion tons
- Rail grows from 2 to 3.7 billion tons
- How is this cargo going to move?
 - Little room left to expand highways,
 - Rail mileage has been decreasing; much former right-of-way has been developed
 - Rail capacity constraints in urban areas, tunnel clearances, single-track bridges

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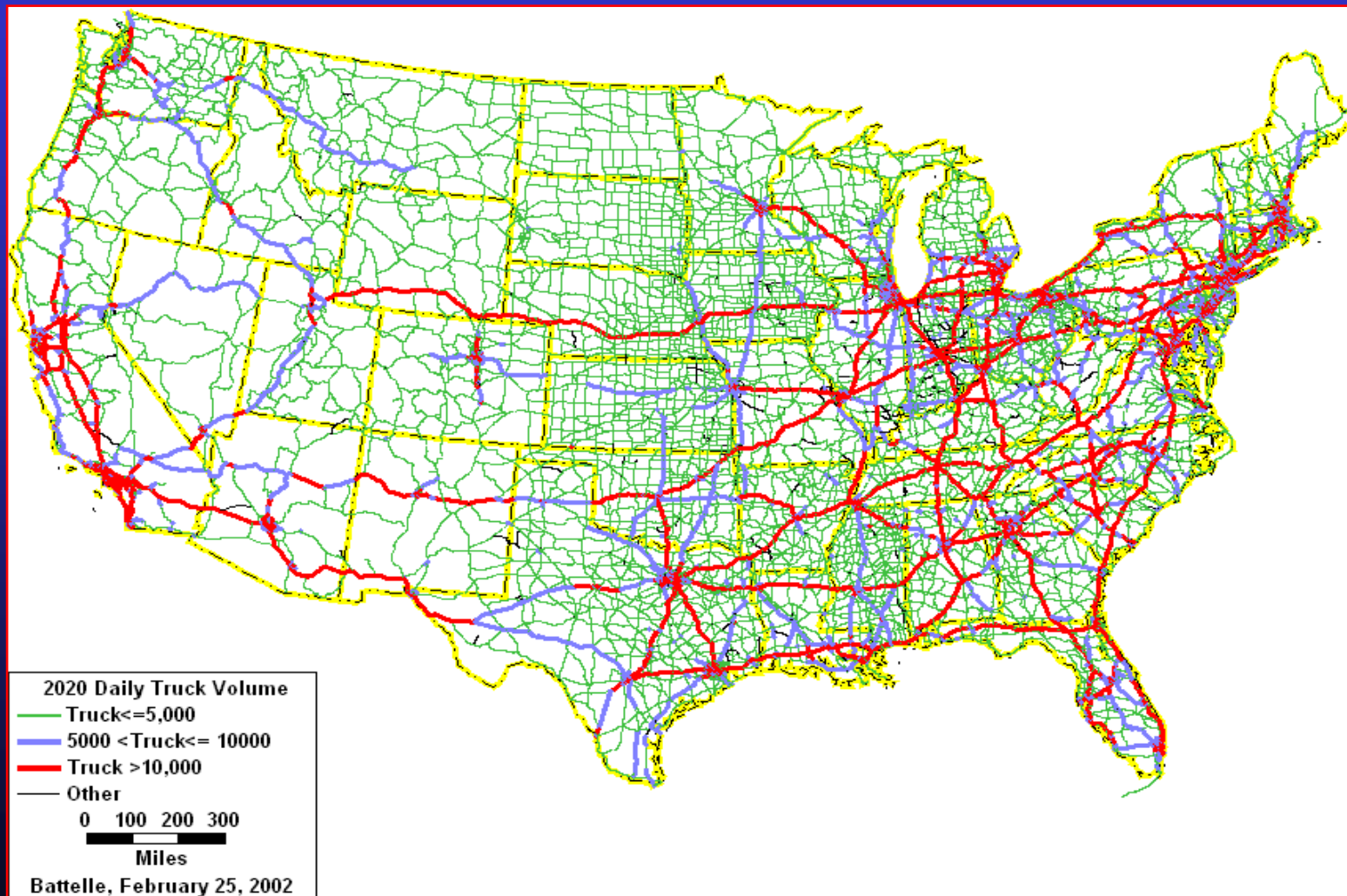
Truck Volumes on Freight Analysis Framework (FAF) Network - 1998



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Truck Volumes on FAF Network - 2020



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Valuing the Great Lakes Nav System MARAD's New Cargoes/Vessels



Questions:

1. Does this congestion trend apply to the GL Basin?
2. Can the GLSLS play a role in addressing this transportation challenge?

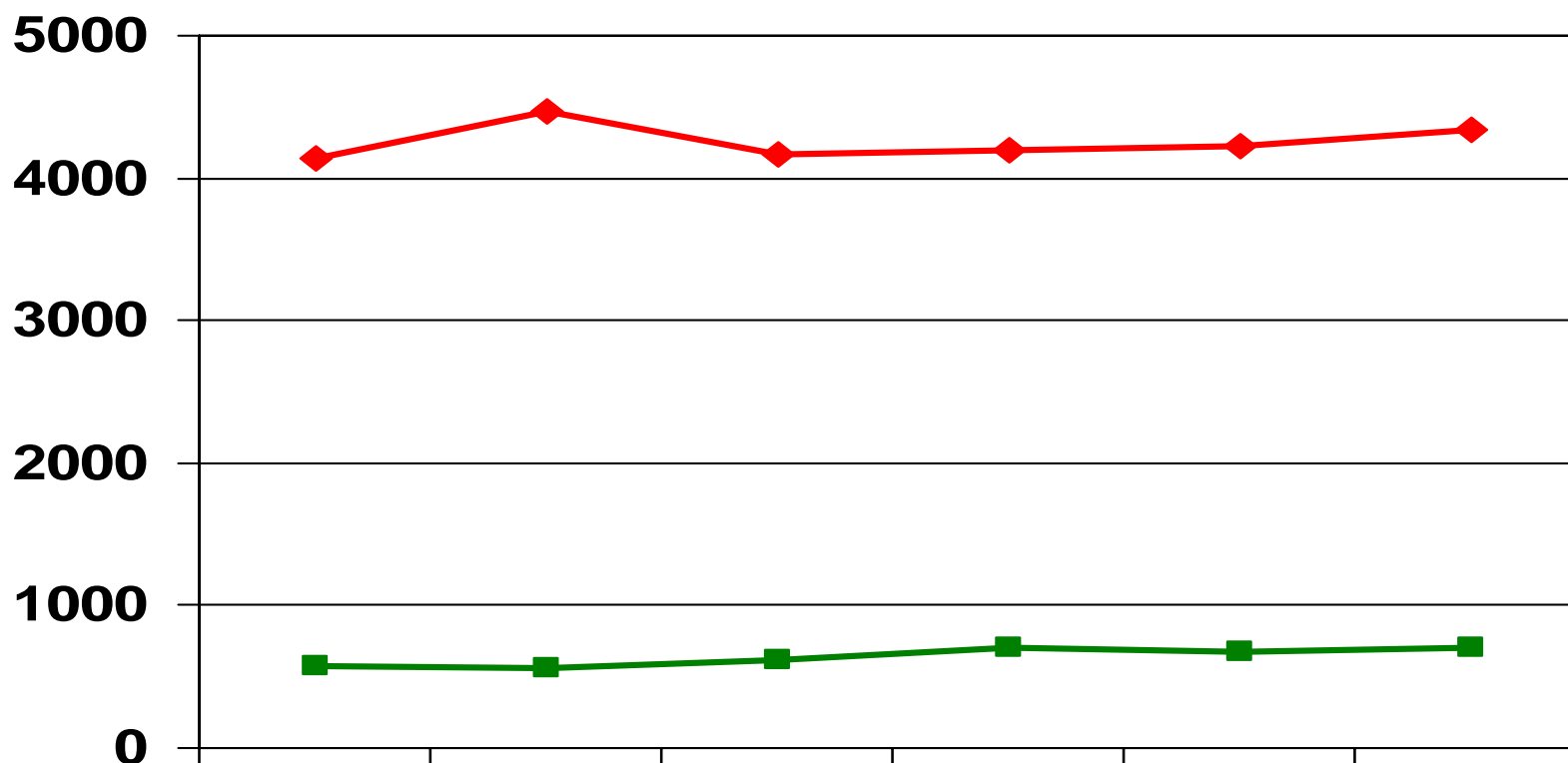
Findings:

1. Seaway max vessel showed best economics
2. GLSLS can compete with rail for selected routes and trades
 - Halifax to Hamilton in GL vessel
 - West Coast rail to Duluth/Superior by rail, GL vessel to lake port
3. Frequency and reliability far more important than 12 month shipping season
4. GL service can help - 2010 – 2% market share (700,000 FEU, 3% (2 million FEU) by 2050

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Civil Works Program President's Budget (x000)

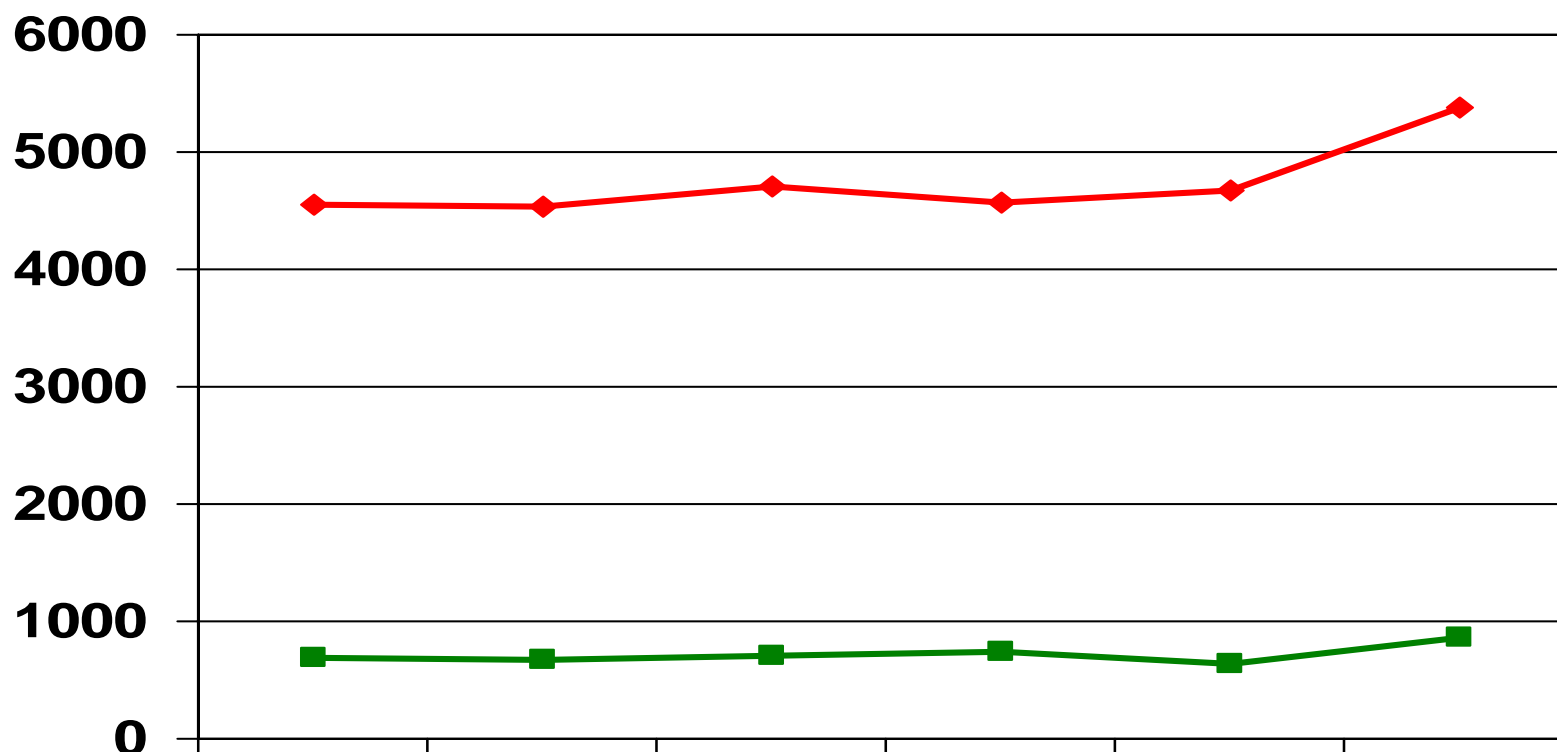


	FY01	FY02	FY03	FY04	FY05	FY06
Corps	4,132,607	4,468,233	4,165,000	4,194,000	4,220,000	4,332,000
LRD	577,814	563,307	616,668	703,502	677,758	702,286

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Civil Works Program Appropriation (x000)

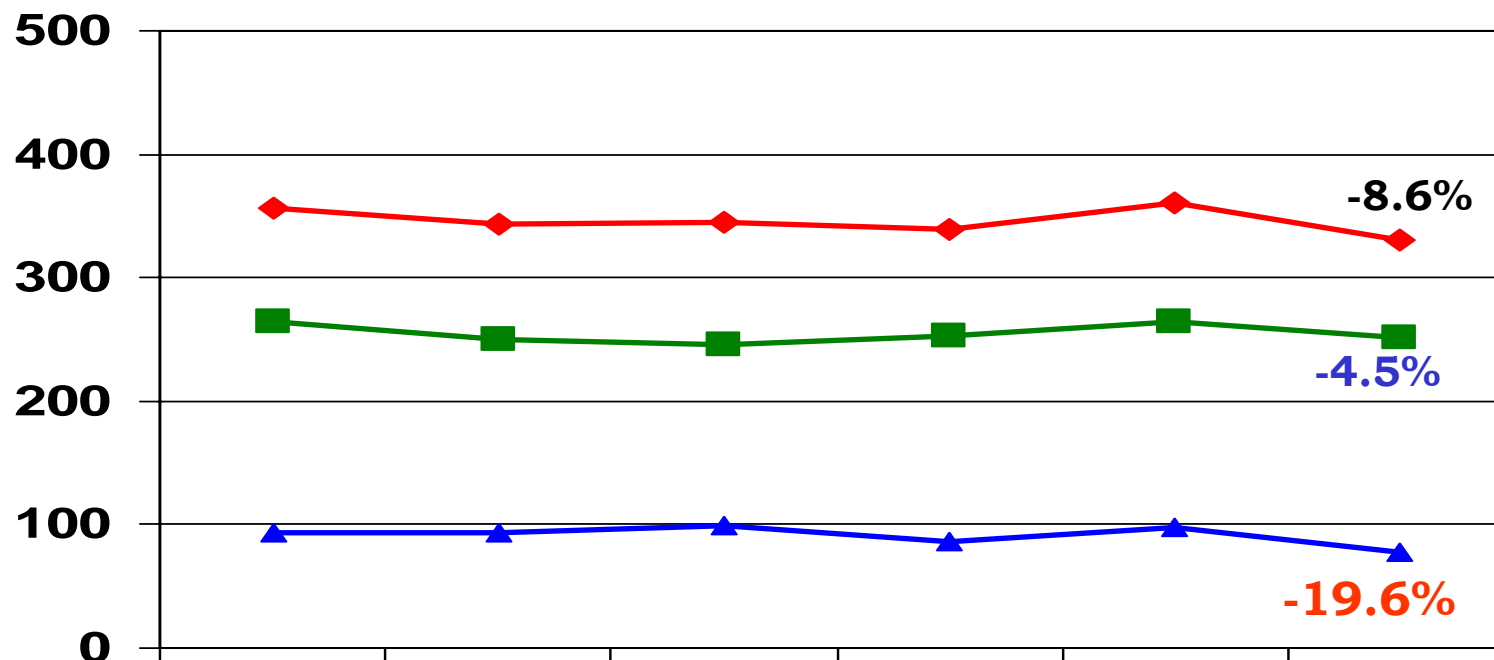





	FY01	FY02	FY03	FY04	FY05	FY06
Corps	4,543,527	4,536,096	4,699,000	4,563,000	4,668,000	5,383,000
LRD	682,498	668,664	712,700	747,591	636,681	866,800

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Operations & Maintenance (O&M) (x000)



	FY01	FY02	FY03	FY04	FY05	FY06
 LRD	357	343	345	339	361	330
 Ohio River	264	250	246	253	264	252
 Great Lakes	93	93	99	86	97	78

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LRD FY07 Funding (x000)



	FY 07 <u>Pres Budg</u>	FY 07 <u>H.R.</u>	FY 07 <u>S.R.</u>
GI	850	7,759	10,834
CG	488,948	581,846	494,226
O&M	318,484	323,931	299,896
TOTAL	808,282	913,536	804,956

Note: **FY06 O&M was 330,000.** FY06 PresBud 702,286. No GI misc items or CAP.

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Budget Development Changes



- 2004 – Performance Based Budgeting
 - Business Lines
- 2005 – Risk and Reliability
- 2006 – Energy and Water Bill
 - Reprogramming
 - Continuing Contracts
 - Five Year Development Plans (FYDP)

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LRD's Response



- Systems Based
 - Great Lakes
 - Ohio River
- Informed by Risk Management
- Include Stakeholder Participation in the Process
- Need Based FYDPs by Business Line
- Integrated at Systems Level

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Valuing the Great Lakes Nav System GL Maritime Research Information

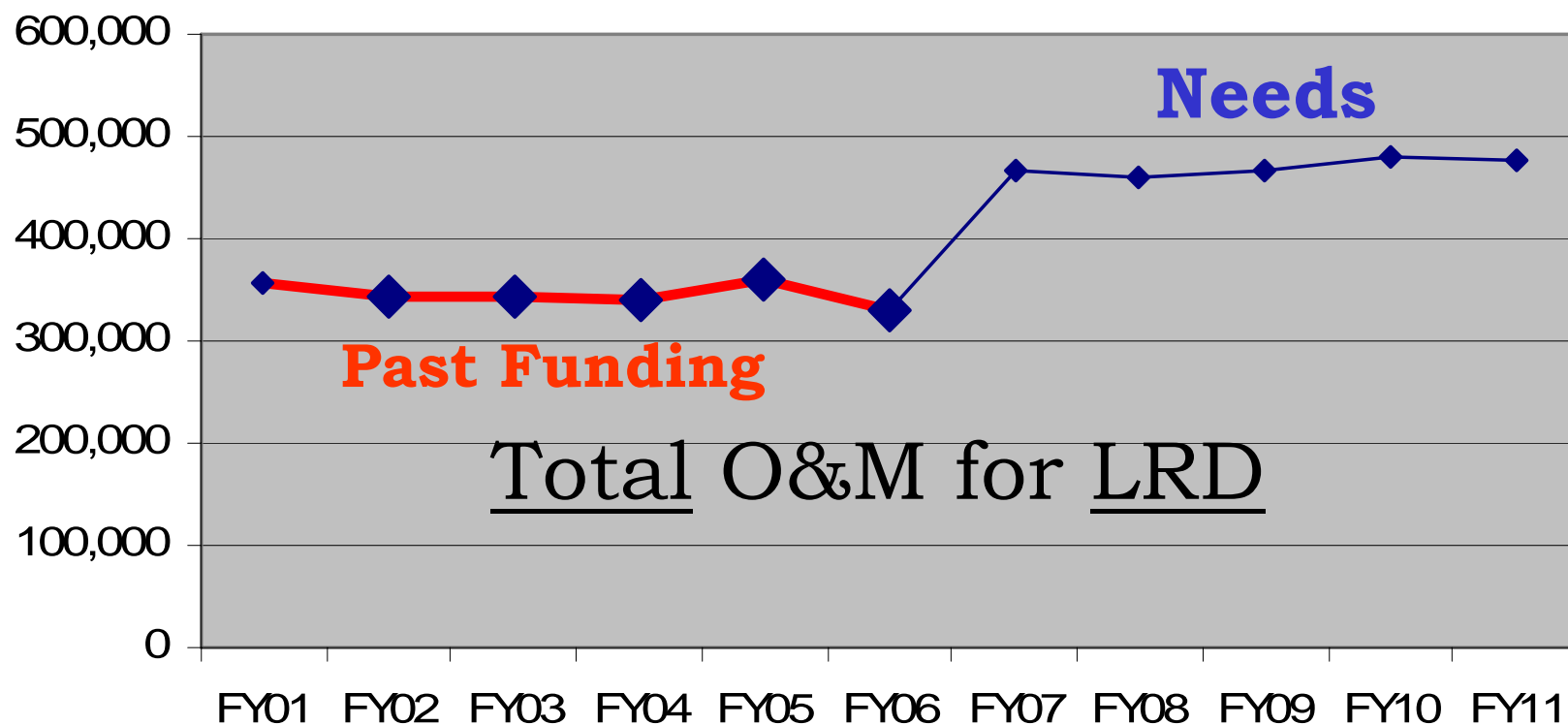


- Universities of Minnesota-Duluth, Wisconsin-Superior, and Toledo - funded by MARAD
- Goal is "...to inform public policy decision makers as to the value and utility of the GL Maritime Transport System (MTS)."
 - Jobs, economic impact of Great Lakes shipping
 - Safety and environmental impacts/benefits
 - Shipper savings associated with GL MTS
 - Congestion effects of other modes in comparison to GL MTS
 - Competition effects of Maritime Transportation and rate increases in other modes

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Five Year Development Plan



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LRD Way Ahead



- Long Range Plans (FYDP)
 - Systems Approach
- Risk & Value Based Asset Management
- Stakeholder Involvement
 - Metrics & Prioritization Criteria
 - Quantify System Output Value
 - Communicate Needs to Administration
- Effective Communication
 - Influence Budget Development Process

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Corps Budget Cycle Events



OMB

Pass
Back



Nov

CFY+2
Budget
Metrics

CFY+2
Budget
Guidance

CFY+2
Business
Line
Budget

CFY+2
HQ BLM
Data Calls

CFY Q1

CFY Q2

CFY Q3

CFY Q4

CFY+1
Passback
Reclama

CFY+1
PresBud

CFY+1
HQ Data
Calls

Business Line Budget Formulation & Stakeholder Engagement

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Importance of Dialogue



- Stakeholder Meetings
 - Need to pre-establish more events
- Must manage risk together
 - Performance based budgets require tough decisions to be made within constrained funds
- Communication and partnerships have never been more important

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LRD Key Contacts

Business Line Managers



- Bill Harder, (513) 684-6525
Navigation Business Line Manager
- Bill Chapman, (513) 684-3014
Flood & Storm Damage Reduction
Business Line Manager

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Great Lakes System Lead District Contacts



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**Linda Sorn
Flood & Storm Damage Reduction Lead
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Chicago District**

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Questions?



Hiroshi Eto

Civil Works
Programs Integration
Division

(513) 684-6211

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